

May 21, 2014

TO: San Joaquin Area Flood Control Agency

FROM: James B. Giottonini, Executive Director

SUBJECT: **RESOLUTION TO APPROVE THE PROPOSED 2014/15 BUDGET FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY**

### RECOMMENDATION

It is recommended the Board of Directors of the San Joaquin Area Flood Control Agency adopt a resolution to approve the proposed fiscal year 2014/15 budget for the San Joaquin Area Flood Control Agency.

### DISCUSSION

#### Background

On May 15, 2013, the Board adopted SJAFCA Resolution No. 13-09 approving the Agency's proposed budget for fiscal year (FY) 13/14 (Exhibit A). Also shown on Exhibit A is an updated budget showing revised beginning balances, revenues, and capital improvement program appropriations that have been approved by the Board.

Notable on the revised budget is the removal of revenue from local cost share partners for the Lower San Joaquin River Feasibility Study (LSJRFS). This was due to expediting the study under the Corps 3X3X3 plan in which the Corps removed some of our work-in-kind from the project and lowered the overall cost of the project from \$10.6 million to \$7.2 million. This reduces the local cost share. Due to the revised project costs, staff has determined that the local cost share partners have met their financial obligation for the project.

Although some of our work-in-kind (WIK) costs were removed from the feasibility study, these costs will be included in the local cost share agreement SJAFCA executed with the State Central Valley Flood Protection Board (CVFPB). The CVFPB has agreed to share these WIK costs with SJAFCA 50-50.

On September 25, 2013, the Board adopted Resolution Nos. 13-17 and 13-18 approving contracts for environmental requirements for the LSJRFS and levee recertification for the Bear Creek and Calaveras River levee systems. Then, on November 13, 2013, the Board adopted SJAFCA Resolution No. 13-19 approving a \$3.5 million contract with Peterson Brustad, Inc. for the design for the Smith Canal Gate project and a task order for \$1.4 million was approved for the development of the Environmental Impact Report. The updated budget includes these project costs and because some of our projects are cost shared with the State, revenues have also been updated.

As of April 30, 2014, (83 percent of the FY lapsed) the Agency has spent approximately 81 percent of the FY 13/14 Operating Budget (see table below). This includes operating expenses incurred from the City of Stockton through the end of April. The fiscal year-end

# **RESOLUTION TO APPROVE THE PROPOSED 2014/15 BUDGET FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY**

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estimated operating expenses include projected City-incurred direct and indirect costs through the last quarter of FY 13/14.

## **FY 13/14 To-Date Operating Expenses and Year-End Estimate**

	Fiscal Year 13/14 Budget	13/14 Expenses As of 4/30/14*	Year-End Estimated Operating Expenses
SJAFCA Employee Services	808,000	660,877 (82%)	807,800 (100%)
City Employee Services	18,000	13,012 (72%)	15,800 (88%)
Other Services	360,000	309,741 (86%)	368,000 (102%)
Materials & Supplies	10,000	7,267 (73%)	9,300 (93%)
Other Expenses	80,000	42,915 (54%)	74,700 (93%)
<b>Approved Operating Budget:</b>	<b>\$1,276,000</b>	<b>\$1,033,812 (81%)</b>	<b>\$1,275,600 (100%)</b>

\* 83% of FY Lapsed

During the current FY, the Board adopted SJAFCA Resolution Nos. 14-04 and 14-07 approving payments to the City of Stockton for operating costs incurred during the first and second quarter of FY 13/14. Staff will continue to bring the City's invoices for operating expenditures before the Board for approval.

The proposed FY 14/15 budget presents the Agency's anticipated expenditures for general administration, operations, and support costs for the existing capital improvement projects (Exhibit B). The Agency's activities are supported by the following resources: SJAFCA Fund, Federal Reimbursement Fund, Operations and Maintenance Fund, and Cost-Share Agreements.

The Agency's current Funds and revenue sources are described below:

**SJAFCA Fund.** The SJAFCA Fund includes money from the unexpended bond proceeds, assessment fees collected by the City of Stockton and San Joaquin County for the Agency's former equalization fee program, earned interest, and funding from local cost-share partners. Reimbursement money from the State for the Regional Flood Management Planning effort is also included. This fund is used to pay for some of the Agency's operating costs, and all of the Agency's project management and technical needs for the various capital improvement projects approved by the Board.

The estimated available balance in the SJAFCA Fund on July 1, 2014, is \$3,895,287.

**Federal Reimbursement Fund.** This fund accounts for the Agency's ongoing federal reimbursement. The last reimbursement received was in FY 2010. There are no expected reimbursements for the Agency's Flood Protection Restoration Project; therefore, revenues are from earned interest only. This resource is being used to pay for most of the Agency's operating costs.

The estimated available balance in the Federal Reimbursement Fund on July 1, 2014, is \$3,733,382.

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**Operations and Maintenance (O&M) Fund.** The O&M Fund accounts for money collected annually through the Agency's O&M assessment. The levy of this assessment provides resources for the ongoing maintenance of the Agency's Flood Protection Restoration Project improvements. Each year the Board reviews the Annual Engineer's Report and establishes the O&M assessments.

The O&M budget for FY 14/15 is presented to the Board today as Agenda Item 5.1.

**Cost-Share Agreements.** The Agency has collaborated with local reclamation districts and other government agencies for funding support through cost-share agreements. The Agency has received a total of \$1,131,740 from cost share partners for the Lower San Joaquin River Feasibility Study, and a total of \$405,587 from cost share partners for the Smith Canal project.

For FY 13/14, the Agency anticipates receiving \$52,000 from the CVFPB for the environmental responsibilities for the LSJRFS and \$20,000 from the Department of Water Resources (DWR) for the environmental site assessment on Mormon Channel.

In addition, the Agency anticipates receiving 50 percent of the design costs for the Smith Canal Gate project through the funding agreement with DWR.

Present Situation

**Operating Budget.** The Agency's Operating Budget (Exhibit B), consists of the following categories described below:

- **SJAFCA Employee Services.** SJAFCA Employee Services includes salary and benefits for six positions: Executive Director, Deputy Executive Director, Senior Civil Engineer, Associate Civil Engineer, Project Manager, and Secretary. All positions are City of Stockton positions with the exception of the Executive Director. The total allocation of resources to support six positions during FY 14/15 is \$846,000.
- **City Employee Services.** This category segregates City of Stockton personnel expenses from SJAFCA positions and reflects costs associated with accounting and payroll. The anticipated cost for City Employee Services for FY 14/15 is \$5,000.
- **Other Services.** Other Services includes those expenses associated with professional services such as legal counsel, lobbying efforts, technical consultants, and annual auditing. General liability, insurance premiums, equipment rental, computer support, mail, postage, duplication, and file storage are also included. The anticipated cost for Other Services for FY 14/15 is \$380,000.
- **Materials and Supplies.** This category includes expenses for general office supplies, computer software, publication costs for legal notices, and the Agency's vehicle maintenance. The total anticipated cost for Materials and Supplies for FY 14/15 is \$10,000.

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- **Other Expenses.** Other Expenses include costs for travel (including lobbying trips to Washington, D.C.), parking, staff development and training, professional memberships, permits/certifications, and web site maintenance. This category also includes the indirect costs incurred from the City of Stockton. The total anticipated cost for Other Services for FY 14/15 is \$80,000.

**Capital Improvement Program (CIP) Budget.** Ongoing CIP projects include the Lower San Joaquin River Feasibility Study, the combined Lower San Joaquin River and Delta South Regional Flood Management Plan, and levee certification for the Bear Creek and Calaveras River levee systems. Staff is requesting a \$25,000 appropriation for technical services to support these projects.

Also, a transfer of \$194,100 from the SJAFCA Fund to the Smith Canal Area Assessment District is included. These funds are considered internal borrowing for the project and will be repaid to the SJAFCA Fund at a much later date after bonds are secured and project costs have been met. Internal borrowing is part of the financing plan for the project and was included in the Engineer's Report approved by the Board.

### Summary

The estimated combined balance of the Federal Reimbursement and SJAFCA Fund at the beginning of FY 14/15 is \$7,628,669 (Exhibit B) and reflects the balance in the Agency's accounts that have not been committed to existing projects. The FY 14/15 proposed budget anticipates the Agency's total operating costs to be \$1,321,000.

At the end of FY 14/15, the combined balance of the Federal Reimbursement and SJAFCA Fund on June 30, 2015, is estimated to be \$6,101,569 (Federal Reimbursement Fund \$2,678,382 + SJAFCA Fund \$3,423,187). These funds can be used for design, permitting, and construction of future projects to provide flood control benefits to the SJAFCA Assessment District.

It is recommended that the Board adopt a resolution approving the Agency's proposed FY 14/15 budget.

PREPARED BY: Marlo Duncan



APPROVED:  
JAMES B. GIOTTONINI  
EXECUTIVE DIRECTOR

JBD:MD

Attachments



# EXHIBIT A

FY 2013/2014 ADOPTED BUDGET (MAY 15, 2013)			
	Estimated Fund Balance 7/1/2013	Federal Reimb. Fund	SJAFCA Fund
	\$ 10,746,045	\$ 4,585,354	\$ 6,160,691
Estimated FY 12/13 Cost Savings: <sup>1</sup>	58,000	17,400	40,600
	\$ 10,804,045	\$ 4,602,754	\$ 6,201,291
<b>Revenues</b>			
Interest	19,000	7,500	11,500
Federal reimbursement	-0-		
LSJRFS local cost share	306,883		306,883
<b>Total Estimated Revenues:</b>	<b>\$ 325,883</b>	<b>\$ 7,500</b>	<b>\$ 318,383</b>
<b>Expenses</b>			
<b><u>OPERATING BUDGET</u></b>			
SJAFCA Employee Services	808,000	606,000	202,000
City Employee Services	18,000	13,500	4,500
Other Services	360,000	147,000	213,000
Materials & Supplies	10,000	8,900	1,100
Other Expenses	80,000	58,000	22,000
<b>Total Estimated Operating Expenses:</b>	<b>\$ 1,276,000</b>	<b>\$ 833,400</b>	<b>\$ 442,600</b>
<b><u>CAPITAL IMPROVEMENT PROGRAM</u></b>			
Lower San Joaquin River Feasibility Study	TBD		
Smith Canal Gate Project	TBD		
FEMA Levee Certification	TBD		
Technical Support	60,000		60,000
<b>Total Capital Improvement Expenses:</b>	<b>\$ 60,000</b>	<b>\$ -0-</b>	<b>\$ 60,000</b>
<b>Total Estimated Expenses:</b>	<b>\$ 1,336,000</b>	<b>\$ 833,400</b>	<b>\$ 502,600</b>
<b>Estimated Fund Balance June 30, 2014:</b>	<b>\$ 9,793,928</b>	<b>\$ 3,776,854</b>	<b>\$ 6,017,074</b>

<sup>1</sup> This is the estimated cost savings from FY 12/13 Operating Budget.

FY 2013/2014 UPDATED BUDGET (MAY 21, 2014)			
	Fund Balance 7/1/2013	Federal Reimb. Fund	SJAFCA Fund
<b>Fund Balance:</b>	<b>\$ 10,764,420</b>	<b>\$ 4,559,282</b>	<b>\$ 6,205,138</b>
<b>Actual FY 12/13 Cost Savings:</b>	<b>56,249</b>	<b>-</b>	<b>56,249</b>
	<b>\$ 10,820,669</b>	<b>\$ 4,559,282</b>	<b>\$ 6,261,387</b>
<b>Revenues</b>			
Interest	19,000	7,500	11,500
Federal reimbursement	-0-		
LSJRFS local cost share	-0-		
CVFPB local cost share - LSJRFS CEQA	52,000		52,000
DWR cost share - Smith Canal Gate	700,000		700,000
DWR cost share - Mormon Channel ESA	20,000		20,000
<b>Total Estimated Revenues:</b>	<b>\$ 791,000</b>	<b>\$ 7,500</b>	<b>\$ 783,500</b>
<b>Expenses</b>			
<b><u>OPERATING BUDGET</u></b>			
SJAFCA Employee Services	808,000	606,000	202,000
City Employee Services	18,000	13,500	4,500
Other Services	360,000	147,000	213,000
Materials & Supplies	10,000	8,900	1,100
Other Expenses	80,000	58,000	22,000
<b>Total Estimated Operating Expenses:</b>	<b>\$ 1,276,000</b>	<b>\$ 833,400</b>	<b>\$ 442,600</b>
<b><u>CAPITAL IMPROVEMENT PROGRAM</u></b>			
Lower San Joaquin River Feasibility Study	104,000		104,000
FEMA Levee Certification	1,143,000		1,143,000
Smith Canal Gate Project	1,400,000		1,400,000
<sup>1/</sup> Kleinfelder Contract Amendment	45,000		45,000
Technical Support	15,000		15,000
<b>Total Capital Improvement Expenses:</b>	<b>\$ 2,707,000</b>	<b>\$ -0-</b>	<b>\$ 2,707,000</b>
<b>Total Estimated Expenses:</b>	<b>\$ 3,983,000</b>	<b>\$ 833,400</b>	<b>\$ 3,149,600</b>
<b>NEW Estimated Balance 6/30/2014:</b>	<b>\$ 7,628,669</b>	<b>\$ 3,733,382</b>	<b>\$ 3,895,287</b>

<sup>1/</sup> This item is presented to the Board as agenda item 4.4 in the May 21, 2014 agenda packet.

# EXHIBIT B

FY 2014/2015 PROPOSED BUDGET			
	Estimated Fund Balance 7/1/2014 \$ 7,628,669	Federal Reimb Fund \$ 3,733,382	SJAFCA Fund \$ 3,895,287
<b>Revenues</b>			
Interest	13,000	6,000	7,000
Federal Reimbursement	-0-		
<b>Total Estimated Revenues:</b>	<b>\$ 13,000</b>	<b>\$ 6,000</b>	<b>\$ 7,000</b>
<b>Expenses</b>			
<b><u>OPERATING BUDGET</u></b>			
SJAFCA Employee Services	846,000	846,000	-0-
City Employee Services	5,000	5,000	-0-
Other Services	380,000	145,000	235,000
Materials & Supplies	10,000	10,000	-0-
Other Expenses	80,000	55,000	25,000
<b>Total Estimated Operating Expenses:</b>	<b>\$ 1,321,000</b>	<b>\$ 1,061,000</b>	<b>\$ 260,000</b>
<b><u>CAPITAL IMPROVEMENT PROGRAM</u></b>			
Lower San Joaquin River Feasibility Study	TBD		
Technical Support	25,000		25,000
<b>Total Capital Improvement Expenses:</b>	<b>\$ 25,000</b>	<b>\$ -0-</b>	<b>\$ 25,000</b>
<b>Total Estimated Expenses:</b>	<b>\$ 1,346,000</b>	<b>\$ 1,061,000</b>	<b>\$ 285,000</b>
<b>Transfer-Out</b>			
Smith Canal Area Assessment District	\$ 194,100		\$ 194,100
<b>Estimated Fund Balance June 30, 2015:</b>	<b>\$ 6,101,569</b>	<b>\$ 2,678,382</b>	<b>\$ 3,423,187</b>



RESOLUTION NO. SJAFCA 14-11

SAN JOAQUIN AREA  
FLOOD CONTROL AGENCY

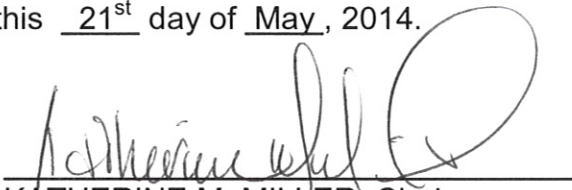
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RESOLUTION TO APPROVE THE PROPOSED FISCAL YEAR 2014-2015 BUDGET  
FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN JOAQUIN  
AREA FLOOD CONTROL AGENCY, AS FOLLOWS:

1. That the San Joaquin Area Flood Control Agency's 2014-2015 Proposed Budget is hereby approved and adopted, a copy of which is attached as Exhibit "A" and incorporated by this reference.
2. That any new appropriations and/or adjustments to the Agency's 2014-2015 fiscal year budget will be brought back before the Board for consideration and approval.

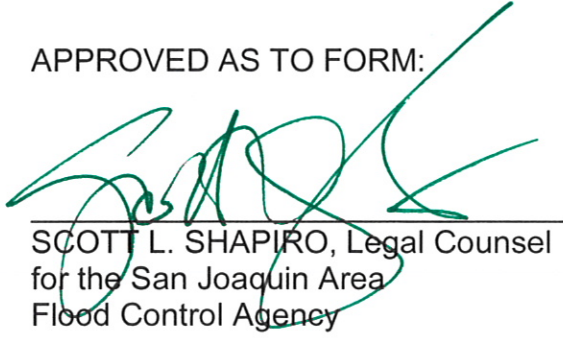
PASSED, APPROVED AND ADOPTED this 21<sup>st</sup> day of May, 2014.

  
KATHERINE M. MILLER, Chair  
of the San Joaquin Area  
Flood Control Agency

ATTEST:

  
JAMES B. GIOTTONINI, Secretary  
of the San Joaquin Area  
Flood Control Agency

APPROVED AS TO FORM:

  
SCOTT L. SHAPIRO, Legal Counsel  
for the San Joaquin Area  
Flood Control Agency

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# EXHIBIT A

FY 2014/2015 PROPOSED BUDGET			
	Estimated Fund Balance 7/1/2014 \$ 7,628,669	Federal Reimb Fund \$ 3,733,382	SJAFCA Fund \$ 3,895,287
<b>Revenues</b>			
Interest	13,000	6,000	7,000
Federal Reimbursement	-0-		
<b>Total Estimated Revenues:</b>	\$ 13,000	\$ 6,000	\$ 7,000
<b>Expenses</b>			
<b><u>OPERATING BUDGET</u></b>			
SJAFCA Employee Services	846,000	846,000	-0-
City Employee Services	5,000	5,000	-0-
Other Services	380,000	145,000	235,000
Materials & Supplies	10,000	10,000	-0-
Other Expenses	80,000	55,000	25,000
<b>Total Estimated Operating Expenses:</b>	\$ 1,321,000	\$ 1,061,000	\$ 260,000
<b><u>CAPITAL IMPROVEMENT PROGRAM</u></b>			
Lower San Joaquin River Feasibility Study	TBD		
Technical Support	25,000		25,000
<b>Total Capital Improvement Expenses:</b>	\$ 25,000	\$ -0-	\$ 25,000
<b>Total Estimated Expenses:</b>	\$ 1,346,000	\$ 1,061,000	\$ 285,000
<b>Transfer-Out</b>			
Smith Canal Area Assessment District	\$ 194,100		\$ 194,100
<b>Estimated Fund Balance June 30, 2015:</b>	\$ 6,101,569	\$ 2,678,382	\$ 3,423,187